

Message Text

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67

ACTION OPIC-12

INFO OCT-01 ARA-16 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 TRSE-00 XMB-07 SPC-03 CIEP-02

LAB-06 SIL-01 OMB-01 L-03 /095 W

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R 242014Z OCT 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 1298

INFO AMEMBASSY LIMA

UNCLAS LA PAZ 6389

LIMA FOR FULLMER.

E.O. 11652: N/A

TAGS: EFIN BL

SUBJ: OPIC PROGRAMS IN BOLIVIA.

REF: STATE 205551.

1. WE HAVE SOME DOUBTS ABOUT APPROACH OPIC HAS DECIDED ADOPT (SEE REFTEL). WE ARE UNCOMFORTABLE WITH AN APPROACH THAT LEAVES BASIS FOR OPIC OPERATIONS (SUBROGATION RIGHTS) STILL UNCLEAR. IN OUR VIEW DEPENDENCE ON FGA OFFERS LITTLE MORE THAN A WAY OF AVOIDING THE ISSUE AS GOB PROBABLY WILL BE WILLING SIGN EACH FOREIGN GOVERNMENT APPROVAL (FGA) WITHOUT ATTEMPTING RECONCILE ITS CONFLICTING INTERNATIONAL AGREEMENTS AND LAWS.

2. BEFORE PROCEEDING ON BASIS REQUESTED REFTEL, SUGGEST INTERESTED WASHINGTON AGENCIES CONSIDER APPROPRIATENESS FOLLOWING ASSUMPTIONS REGARDING U.S. INTERESTS AND BEST COURSE OF ACTION TO SERVE THEM. IT IS REASONABLY CLEAR THAT ARTICLE 51 OF ANDEAN FOREIGN INVESTMENT CODE (AFIC), WHICH HAS BEEN PUT INTO EFFECT BY GOB WITHOUT WAIVER, IS A BOLIVIAN COMMITMENT UNDER ITS ANDEAN PACT

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OBLIGATIONS TO NOT PERMIT SUBROGATION. IT IS STILL IN OUR

INTERESTS TO PROMOTE TRADE-CREATING REGIONAL ECONOMIC
INTEGRATION IN GENERAL AND ANDEAN PACT IN PARTICULAR.
BY PROCEEDING WITH FGAS WE ARE INVITING AND PROPELLING
GOB TOWARDS NON-COMPLIANCE WITH AN ANDEAN PACT COMMITMENT.
ONE NON-COMPLIANCE COULD LEAD TO MORE. BOLIVIA'S PARTNERS
IN PACT MAY WELL OBJECT TO BOLIVIAN NON-COMPLIANCE SHOULD
IT BECOME KNOWN. ON BASIS INFO AVAILABLE HERE ANDEAN JUNTA
AND ITS STAFF ARE BECOMING INCREASINGLY CONCERNED ABOUT
NON-COMPLIANCE WITH ANDEAN PACT DECISIONS OR FAILURE TO
ACHIEVE UNIFORM INTERPRETATION OF THEM.
FINALLY, WE ASSUME USG WOULD PREFER THAT OPIC BE FREE
OPERATE WITH SUBROGATION RIGHTS THROUGHOUT ANDEAN PACT AS WELL AS
IN BOLIVIA, BUT NOT AT COST OF CONTRIBUTING TO DE FACTO
NON-COMPLIANCE WITH REGIONAL ECONOMIC INTEGRATION PROCESS.
IF SUCH WOULD BE COST, IT MIGHT BE PREFERABLE FOR OPIC
TO OPERATE WITHOUT SUBROGATION RIGHTS AS UNDER SOME
WESTERN EUROPE INVESTMENT INSURANCE PROGRAMS.

3. IF FOREGOING ASSUMPTIONS APPROACH THE MARK, MIGHT BE
PREFERABLE HAVE EMBASSY APPROACH GOB TO SEE IF IT INCLINED
SEEK WAIVER OF ARTICLE 51 FROM JUNTA OR COMMISSION.
WE BELIEVE THERE IS NOW BETTER THAN 50-50 CHANCE WAIVER
WOULD BE GRANTED. IF BOLIVIA GETS WAIVER, THERE IS REASONABLE
PROSPECT THAT OTHER ANDEAN PACT COUNTRIES MIGHT WISH
FOLLOW SUIT, ESPECIALLY IF THEY SEE U.S. FIRMS INVESTING
IN BOLIVIA, ESPECIALLY IN MANUFACTURING SECTOR, AS RESULT.
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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Draft Date: 24 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
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Handling Restrictions: n/a
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Legacy Key: link1973/newtext/t19731015/aaaaakuf.tel
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
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